

STATEMENT OF THE HONORABLE STEPHEN S. JACKSON
DEPUTY ASSISTANT SECRETARY OF DEFENSE (MANPOWER, PERSONNEL AND RESERVE),
BEFORE A SUBCOMMITTEE OF THE HOUSE POST OFFICE AND CIVIL SERVICE
COMMITTEE ON H.R. 5007
JUNE 10, 1959, 10:00 A. M.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I appreciate this opportunity to discuss with you the provisions of H.R. 5007 which is legislation of considerable interest to the Department of Defense. I understand that the version of this bill which is under consideration this morning is the Committee Print of June 5, 1959, and it is to this version that I will address my remarks.

I believe it is pertinent to this discussion to give you a brief statement of what we have been attempting to do to provide an adequate and reasonable personnel program for civilian employees in overseas areas who are United States citizens.

At the end of World War II it became necessary for the first time for the Department of Defense and for other Federal agencies to employ U.S. citizens in foreign areas in rather large numbers.

Legislation governing civilian employment then in effect and the various administrative regulations by which such legislation was implemented were developed for application inside the continental United States. Large scale employment in foreign areas was not anticipated and few adequate provisions were made for it.

It became necessary for those agencies which suddenly found themselves engaged in large scale employment of U.S. citizens in foreign areas to develop a patch work program which worked after a fashion. As soon as the full scope and extent of the problem became known a more comprehensive program was devised to correct deficiencies and to

establish a more adequate system supported by proper legislation and implementing regulations.

Over the past few years considerable progress has been made and many of the very serious problems which previously existed have been resolved. As a result of the extension of the competitive service overseas, we now have in Defense a program which permits greater integration of the overseas work force with that inside the United States. With some notable exceptions, reasonable and consistent treatment can be provided all U.S. citizen personnel, thus improving our ability to attract better people and to rotate employees between Stateside and overseas jobs.

Other Federal agencies faced with the same problems have worked with Defense in improving the personnel programs applicable to overseas areas. All of us have received excellent support and much helpful advice and guidance from this Committee and its able staff.

Despite progress which has been made, however, there are still differences as between agencies in the treatment of U.S. citizen employees in overseas areas, stemming from laws which do not apply equally to all agencies and which prevent desirable uniformity. Some of these differences are significant and are readily identifiable by employees. They create dissatisfaction, and they cannot be satisfactorily explained. Other dissatisfactions arise out of the application to overseas employment situations of laws which are inadequate simply because they were not written with the overseas employment problems in mind.

H.R. 5007 was prepared to solve a number of these problems. It would establish one system, applicable to all Federal agencies, for

compensating U.S. citizen employees in foreign areas for the extra costs and hardships incident to their assignments. It would bring up to date certain laws which were enacted before large scale overseas employment became a problem. It would also provide, on a permissive basis, some highly desirable additional features and benefits. Many of the provisions of this bill are now available to the Department of Defense but there are some that would be new. Of those that would be new to Defense some are now available to other agencies. Significant new authorities available to Defense would include:

1. Authority to pay a temporary lodging allowance to an employee for up to three months after arrival at, and for up to one month before departure from, an overseas post. Such authority is now available only to agencies authorized to use the Foreign Service Act provisions. Temporary lodging allowances are intended to cover an employee's hotel room expenses upon first arrival at a foreign post, while looking for suitable quarters and awaiting arrival of furniture, and to cover similar expenses immediately prior to departure from a foreign post, when the employee has relinquished his lease on permanent quarters.

2. Authority for storage of household goods and personal effects, at Government expense, when the employee is assigned to an overseas post to which he cannot take, or at which he cannot use, such goods and effects. This authority is presently available to agencies under the Foreign Service Act. It would relieve an employee of the personal expense for storage when conditions beyond his control would preclude his using his effects at his overseas post of assignment. The same weight limitations applicable to shipment would also apply to storage of household goods and personal effects.

3. Authority for transportation to and from overseas posts of privately-owned motor vehicles of civilian employees, when determined to be in the interest of the Government. There are many overseas posts at which, due to inadequacy of local transportation facilities, availability of his privately-owned motor vehicle is necessary for proper performance of an employee's duties. At present, if he cannot purchase an automobile locally at a satisfactory price, a Defense civilian employee must personally bear the cost of shipping an automobile from the States to his post of assignment. The authority contained in H.R. 5007 would permit correction of this inequitable situation, when considered to be in the interest of the Department.

4. Authority to provide for "home leave", comparable to that available to agencies operating under the Foreign Service Act. At present Defense employees in overseas areas accrue annual leave on the same basis as Stateside employees. Since much of this leave is used locally for personal requirements and vacation purposes, inadequate leave sometimes remains for the periodic vacations in the States which are both necessary and desirable for U.S. citizen employees. The "home leave" provision would permit additional leave for this purpose. The provision is permissive only, which would be used only to the extent determined to be necessary to conditions of employment in particular overseas areas. Any "home leave" not used by an employee during his period of overseas employment would not be available for lump-sum payment upon separation.

H.R. 5007 would also amend the current authority in the Administrative Expenses Act relating to the shipment of household effects of

civilian employees. The current law permits shipment of 7,000 lbs. uncrated, or 8,750 lbs. crated. The 7,000 lbs. uncrated is considered an adequate figure. However, the weight of packing and crating for overseas shipments averages about 90 percent of the weight of the household effects. For all practical purposes the net weight limit is reduced to slightly over 4,000 lbs. This unrealistic gross limit has resulted in a number of employees having to pay for overweight shipments. H.R. 5007 would eliminate the gross limit and establish a net weight limit of 7,000 lbs. This would be consistent with the laws governing the shipment of household effects of military personnel and of Foreign Service personnel.

One further important provision of H.R. 5007 has to do with amending the Internal Revenue Code to provide that the expenses of travel and transportation provided employees between tours of duty in overseas areas will not be considered income for purposes of taxation. Such expenses have not in the past been subject to taxation but the Bureau of Internal Revenue has recently raised a question as to whether monies received for this purpose are taxable. The provision in H.R. 5007 would settle the issue by excluding these monies from income for taxation purposes.

H.R. 5007 would also continue existing cost-of-living allowances and post differentials in overseas areas. The philosophy behind these provisions, and the special provisions previously referred to, is that the Government should compensate Federal employees in overseas areas for expenses associated with overseas service not incurred, or not incurred on a comparable scale, by Federal employees in the States, and for differences in conditions of environment at overseas posts

that necessitate additional compensation as a recruitment and retention incentive.

The various provisions of H.R. 5007 would be administered in accordance with regulations to be issued by the President. It is expected that such regulations would be similar to those issued pursuant to existing laws which include many of the provisions of this bill. Within Defense we would propose to administer the program on a strict basis of authorizing only those provisions in each foreign area which are considered necessary to insure fair and equitable treatment of our employees.

The Department of Defense must, of necessity, continue to maintain sizeable military forces overseas in the interest of national defense. These forces must be assisted in their missions by civilian personnel. To the fullest practicable extent, use is made of indigenous personnel from the various countries in which military installations are located. This considerably reduces our costs. But there are many positions in which local personnel cannot be used both because of security considerations and because they are many times not available in the skills which we require. In such positions, Defense must use U.S. citizens, and the provisions of H.R. 5007 will be extremely helpful to us in recruiting and retaining the kinds of people we need.

We appreciate the opportunity which has been given us to work with the Staff of this Committee in developing H.R. 5007. It has been prepared to be responsive to our needs and will greatly improve our civilian personnel program for foreign areas. It will provide for much needed consistency with the programs of other agencies.

On behalf of the Department of Defense I urge that this Committee favorably consider this bill.

LIST OF WITNESSES AT HEARING ON H. R. 5007 AND H. R. 5099, BILLS TO IMPROVE
THE ADMINISTRATION OF OVERSEAS ACTIVITIES OF THE GOVERNMENT OF THE
UNITED STATES

June 10, 1959

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accompanied by

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